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INTERNATIONAL DEVELOPMENT ASSOCIATION 21ST REPLENISHMENT: PROPOSED STRATEGIC DIRECTIONS

I. INTRODUCTION

A. The challenge and opportunity

1. **The twenty first replenishment of the International Development Association (IDA21) is taking place in the face of multiple crises that have upended development progress in the poorest countries.** Against a global backdrop of economic uncertainty, geopolitical tensions, and multiple crises,¹ the Sustainable Development Goals (SDGs) in IDA countries are further off their 2030 trajectory.² The polycrisis has partially reversed decades of development progress, exacerbating poverty and inequality, disrupting supply chains, constraining trade, increasing food insecurity, and diminishing job opportunities, especially for women and youth. IDA countries have experienced a marked increase in fragility, conflict, and violence (FCV), and the population struggles to build resilience against mounting shocks, food and nutrition insecurity, pandemic and climate risks and declines in biodiversity. The number of forcibly displaced people has also risen, profoundly affecting migration patterns. These challenges unfold against a backdrop of water and energy scarcity, connectivity gaps, and limited access to essential goods and services.³ In many IDA countries, fiscal space is constrained by weak per capita growth, as evidenced by the expected 2.3 percent Gross Development Product (GDP) per capita growth in IDA countries for 2024, falling notably short of the 3.3 percent seen in other emerging markets and developing economies. Additionally, there are mounting concerns over persistent debt vulnerabilities, as IDA countries collectively allocate 7.5 percent of their GDP to debt service payments.⁴ The impacts of these multiple shocks hit poor populations the hardest.

2. **Time is of the essence to help IDA countries get back on the pathway to eradicate poverty on a livable planet.** In the face of these challenges, IDA must leverage its convening power, knowledge, resources, and partnerships, with a response that meets the expectations of the global community. Decisive action is critical, and IDA21 needs to ramp up ambition to help IDA countries face the current crises in the short-term, while continuing to focus on long-term development goals and increasing countries' resilience to crises. Demographic shifts, the advent of new technologies, and the potential for high-return investments in resilient development present opportunities to improve prospects for millions of people in IDA countries. IDA21 will need to deliver faster and more efficiently

¹ World Bank. 2024. *Global Economic Prospects, January 2024*. Washington, DC: World Bank.

² General Assembly Economic and Social Council. 2023. *Progress towards the Sustainable Development Goals: towards a rescue plan for people and planet. Report of the Secretary-General*.

³ World Bank Group. 2023. *Ending Poverty on a Livable Planet: Report to Governors on World Bank Evolution*. Development Committee. Washington, DC: World Bank Group.

⁴ As of September 2023, 55 percent of IDA countries under the World Bank-IMF Debt Sustainability Framework for Low-Income Countries (LIC DSF) were at a high risk of external debt distress or in debt distress, compared with 50 percent in 2019 and 57 percent in 2022.

on multiple fronts, simultaneously. Governors at the Annual Meetings (AMs) in Marrakesh,⁵ as well as the G20 leaders⁶ at their summit in India, called for an ambitious IDA21.

3. **An ambitious IDA21 will enable the scaling of results, building on the current IDA portfolio** which is expected to deliver social safety nets to more than 150 million people, electricity access to nearly 120 million people, and improved water and sanitation services to over 75 million people. In addition, IDA operations are expected to contribute nearly eight gigawatts of generation capacity from renewable sources for a more sustainable future.⁷ These results are a testament to IDA's capacity to transform financing into outcomes that improve lives.

4. **IDA is an integral part of the transformation pursued by the WBG evolution process.** This will enable IDA to scale up action and resources to deliver greater development impact in IDA21. Global development finance for IDA countries remains grossly insufficient to address their development needs and priorities and help them prevent, prepare for, and respond to the multiple crises. Scaled-up effort and financing to IDA countries will be needed from all sources: domestic and international, and public and private sectors. The WBG Evolution process with its: (i) new vision, *to create a world free of poverty on a livable planet*; (ii) sharpened operational solutions anchored in the new WBG 'playbook'; (iii) new Knowledge Compact; (iv) outcome oriented WBG Scorecard; and (v) avenues to increase the institution's financing capacity; will help IDA meet the moment. As the WBG steps up to become bigger and better, IDA21 will benefit from evolution reforms, including a sharper focus on outcomes underpinned by knowledge and evidence, as well as enhanced partnerships at the national, regional, and global levels.

5. **This note proposes strategic directions for IDA21, aiming to seek agreement on the proposed overarching theme and focus areas for IDA21.** The following sections highlight the context, the new institutional directions that will inform the IDA21 cycle, the proposed policy framework including the Overarching Theme, focus areas and ways in which IDA21 will enhance outcome orientation for greater development impact. Once the overall IDA21 policy framework is agreed, subsequent discussions will focus on the specifics of the thematic issues.

B. The proposal

6. **Informed by ongoing engagement in IDA countries and feedback from the African Caucus at AMs in Marrakesh⁸, and benefiting from discussions at the launch of the IDA21 negotiations in Zanzibar, this note puts forward strategic directions for IDA21.** Further feedback is also expected from the planned presidential summit on IDA to be hosted by the Kenyan government on April 29th. The proposed IDA21 policy framework reflects the unique challenges, opportunities and development priorities articulated by IDA countries and partners to ensure a more effective and stronger engagement, including recommendations in the SDG Stimulus Initiative by the United Nations Secretary-General in September 2023, which called for a significant expansion of the engagement with

⁵ Chair's Statement: 108th Meeting of the Development Committee:
<https://www.devcommittee.org/content/dam/sites/devcommittee/doc/statements/DC-S2023%200068%20DC%20Chair%20Fall%20Statement%20final.pdf>

⁶ *G20 New Delhi Leaders' Declaration. One Earth. One Family. One Future.* New Delhi, India, 9-10 September 2023.
<https://www.mea.gov.in/Images/CPV/G20-New-Delhi-Leaders-Declaration.pdf>

⁷ These figures are preliminary, based on results expected from operations in the current portfolio, which is defined as all active projects and closed projects that have not yet submitted an Implementation Completion and Results Report.

⁸ The African Caucus requested to dedicate 35 percent of financial flows to energy.

developing countries.⁹ At the same time, it is guided by the WBG Evolution reforms and efforts to deliver impact at greater scale and speed. As part of its renewed vision and mission to eradicate poverty on a livable planet, the WBG is upgrading its country driven model to fight poverty and inequality while addressing global and regional challenges that threaten countries' development trajectories. The new 'playbook' is intensifying the institutional focus on achieving greater impact at scale. This entails, among other things: (i) revamping the WBG result architecture to place a greater emphasis on outcomes; (ii) enhancing the country engagement model to facilitate more replicable and scalable approaches such as the Global Challenge Programs (GCPs); (iii) advancing an enhanced knowledge agenda through the Knowledge Compact for Action; (iv) improving operational efficiency and simplification; and (v) strengthening partnerships and the One WBG approach. The 'playbook' also features an enhanced crisis response toolkit to help countries better prepare to respond swiftly when shocks occur. This includes expanded access to contingency financing while recognizing the necessity to further advance private capital and domestic resource mobilization. Furthermore, progress already achieved on key thematic issues in IDA20, and past IDA cycles will continue to provide a strong foundation for greater impact.¹⁰

7. To help IDA countries address critical global challenges with greater scale, speed, and impact, Management proposes that IDA support the newly created GCPs through its policy and financing architecture, relying on the new WBG Scorecard. As part of the new WBG 'playbook', GCPs will enable faster and more effective crowding-in of public and private sector solutions and financing, partnerships, and knowledge to make progress on tackling difficult global challenges, using replicable and scalable approaches in supporting countries to achieve their desired development results. IDA21 will also benefit from an upgraded results architecture, with a heightened focus on outcomes through a revamped WBG Scorecard that tracks results at scale. The new WBG Scorecard will serve as an accountability and strategic management tool to help translate IDA's overarching theme into action — facilitate business planning, communicate results at scale, and provide opportunities for learning, prompting course corrections as needed.¹¹ The WBG Scorecard will track aggregate results of WBG supported interventions with a strong focus on outcomes that affect the wellbeing of people in client countries. It will report on an annual basis both the stock of expected results as well as the stock of results delivered, providing timely visibility on how IDA21 financing translates into progress towards desired development outcomes, in contrast to input-based reporting of policy commitments. It will also disaggregate results — by country, income level, fragile and conflict-affected situations (FCS) status, gender, youth, and disability — facilitating more tailored reporting. Given the data challenges in IDA countries, reporting results with rigor will include focused efforts to strengthen national and project data collection and data management.

⁹ See further details in the *United Nations Secretary-General's SDG Stimulus to deliver Agenda 2030*.
<https://www.un.org/sustainabledevelopment/wp-content/uploads/2023/02/SDG-Stimulus-to-Deliver-Agenda-2030.pdf>

¹⁰ World Bank. *IDA20 Mid-term Review: Implementation Update and Issues for Discussion ("Omnibus Paper") (English)*. Washington, DC.: World Bank Group.

<http://documents.worldbank.org/curated/en/099012624183055952/BOSIB1dd6aceb20e61ba8d19253d964eb38>

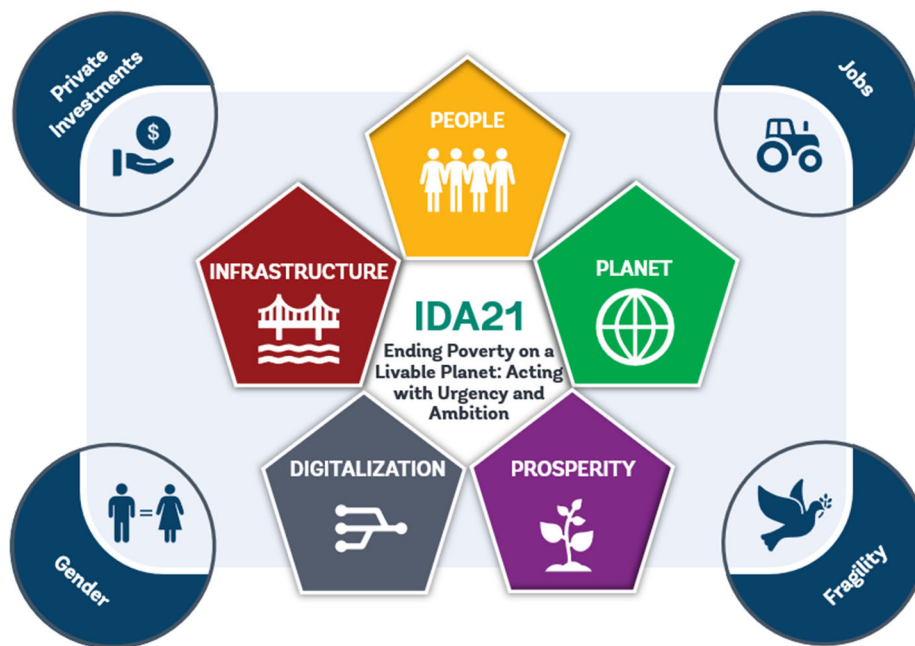
¹¹ See World Bank "New World Bank Group Scorecard FY24-30 Driving Action, Measuring Results", December 14, 2023, for further details on the Scorecard.

II. IDA21 STRATEGIC DIRECTIONS FRAMEWORK

A. Proposed IDA21 Overarching Theme: *“Ending Poverty on a Livable Planet: Acting with Urgency and Ambition”*

8. The proposed IDA21 Overarching Theme underscores the need for urgent action and ambition in IDA countries, to deliver on the new WBG vision and development priorities and outcomes. The challenging context in many IDA countries calls for a decisive, ambitious response in IDA21 to achieve focused and prioritized development outcomes. To boost growth and reduce the number of people living in extreme poverty, IDA21 will seek to enhance protection for the poorest and most vulnerable populations, while investing in human capital for healthy, skilled, and inclusive societies in IDA countries. Concurrently, IDA21 will work towards a livable planet by helping IDA countries invest in climate adaptation and mitigation, biodiversity and nature, crisis preparedness and access to life essentials, such as food and water. It will prioritize strengthening resilience among the poorest and most vulnerable, enabling them to prepare for, adapt to, and respond to shocks. IDA21 will also emphasize effective macroeconomic and fiscal management, underpinned by fiscal and debt policy reforms aimed at expanding the fiscal space for development spending, while supporting IDA countries to strengthen institutional capacity and enhance private investments. Moreover, IDA21 will support efforts in improving infrastructure and services, enhancing access to water and electricity, increasing renewable energy capacity, and strengthening digital connectivity and services.

Figure 1. Proposed IDA21 Focus Areas and Lenses



9. The proposed IDA21 organizing framework reflects a sharper focus on areas that will be crucial for ending poverty on a livable planet. The IDA20 policy framework is structured around special themes and cross-cutting issues, with 41 policy commitments comprising of over 1,000 country-level actions — making it complex and overdetermined particularly for countries with capacity

constraints.¹² The WBG as an institution is trying to simplify its work processes in the context of the Evolution, and specifically for IDA, the WBG is focusing its efforts through the *SimplifIDA* initiative (as explained below). Consequently, under IDA21, the proposed framework helps contextualize IDA's contributions as part of broader institutional efforts toward a *world free of poverty on a livable planet* (see figure 1), with concentrated focus on a smaller number of priority interventions and outcomes. The proposed IDA21 policy framework redefines IDA's engagement priorities into five focus areas: *People, Planet, Prosperity, Digitalization, and Infrastructure*. The policy framework is informed by four lenses to ensure that IDA21 bolsters outcomes towards greater *gender* equality and youth inclusion, more and better *jobs*, support for populations in *FCS*, and increased *private investment*. In essence, the reframing strikes a balance between continuity of key IDA20 special themes while aligning with the greater prioritization embedded in the WBG revamped results architecture in the context of Evolution, allowing for leveraging of One WBG combined efforts and resources. Section IIB provides an overview of these focus areas and lenses. Further details and specifics will be presented in subsequent discussions and forthcoming IDA21 background papers.

10. **The alignment of the IDA21 policy framework with the structure of the new WBG Scorecard will help streamline the set of input-oriented policy commitments and IDA results indicators, achieving greater focus on impact.** Upon endorsement of the IDA21 strategic directions, Participants will discuss applicable policy commitments — focused on fewer actions with a clear delta toward desired outcomes — that may be needed to address the unique development challenges faced by IDA countries. The embedded actions should seek to enable progress towards WBG Scorecard outcomes, rather than predetermining client programming.

11. **To act with *urgency*, a new initiative to simplify IDA's architecture and processes (i.e., *SimplifIDA*) is also being implemented in alignment with wider institutional efforts, as part of evolution reforms, toward greater efficiency and simplification.** IDA aims to simplify policies and procedures without compromising their underlying objectives thereby achieving impact faster. Feedback from clients and partners indicates that operational delays can occur due to client capacity constraints, especially in countries with limited capabilities, as well as cumbersome operational processes and risk-aversion within the institution. IDA is responding by ensuring simplification of its policy and financing architecture, and by streamlining its operational approaches, instruments, and tools to achieve speed and impact in the delivery of development solutions. These efforts aim to respond to the urgency of acting on country priorities and global challenges, as development delayed is development denied.

B. Proposed IDA21 Focus Areas

12. **The proposed IDA21 focus areas and accompanying lenses are aligned with the thematic priorities identified during the evolution process as well as the needs of the IDA countries.** These would help drive coordinated effort within the WBG, as well as with partners and IDA countries given consistency and alignment with the broader country, regional and global development priorities, as articulated in action plans, such as the UN SDGs and Africa Union Agenda 2063.

¹² These actions do not reflect additional commitments on climate co-benefit targets, Paris alignment and performance-policy actions under the Sustainable Development Finance Policy.

i. Focus Area 1: People

13. **The COVID-19 pandemic caused a massive collapse in human capital, particularly among young people at a critical stage in their life cycle.** It initially had detrimental effects on health, followed by disruption of learning and reduced income. Left unaddressed, there is significant risk that these setbacks will lead to long-lasting scarring and negative impacts on human capital accumulation, jobs and productivity, and economic growth. These interrelated crises have disproportionately impacted women, girls, youth, indigenous populations, and sexual and gender minorities, threatening hard-earned gains in human capital.

14. **In response, IDA21 will work to safeguard the poorest and most vulnerable populations to foster sustainable livelihoods and healthy, skilled, knowledgeable, and inclusive societies in IDA countries.** IDA21 will continue to support investments in human development policies to bolster social and economic development broadly, with a particular focus on delivering the following outcomes:

- a. **No learning poverty:** IDA21 will address the need for investments in core public service delivery for human development, from early childhood education to higher education and skills development. This will include a focus on shifting from enrollment to quality education to tackle the learning crisis. Higher education and vocational training will help all youth acquire the skills needed to succeed in today's world.
- b. **Healthier lives:** IDA21 will support efforts to accelerate Universal Health Coverage and build health system resilience to ensure more people are reached with quality, affordable health and nutrition services, including the hardest to reach communities. Health System strengthening efforts will build the resiliency needed to address threats from climate change, pandemics, conflicts, and future shocks. It will also facilitate engagements with other sectors that deliver better health outcomes, such as social protection, education, and water, sanitation and hygiene. Efforts will aim to expedite the recovery of human capital while reducing vulnerability and fostering resilience against future shocks as proposed in the *Health Emergency Prevention, Preparedness and Response GCP*.
- c. **Protection of the poorest:** IDA21 will support social protection systems to protect households from shocks, including natural disasters and climate change, economic and financial crises, conflict, food insecurity, and displacement, among others. IDA's approach will continue to emphasize building resilience of the most vulnerable households and increasing the responsiveness of social protection programs to adapt and protect livelihoods at risk before, during, and after shocks have materialized.

ii. Focus Area 2: Planet

15. **If not addressed with urgency, the ever-deepening threat of climate change could push more than 100 million people¹³ into extreme poverty by the end of this decade, mainly in IDA countries.** IDA countries suffer disproportionately from the impact of climate change while contributing the lowest share of emissions globally. Intensification of climate extremes also amplifies key global

¹³ World Bank Group. 2020. *Revised Estimates of the Impact of Climate Change on Extreme Poverty by 2023*. Policy Research Working Paper 9417. Washington, D.C.: World Bank Group

challenges related to water, health, and food insecurity. The current flows of climate finance are sorely inadequate to meet the challenge, especially for adaptation and building resilience, which currently accounts for less than ten percent of global climate finance. IDA is already the world's largest provider of adaptation finance with \$7.2 billion in fiscal year 2023. Its strong track record of stretching donor contributions through financial leveraging, thanks to its hybrid model, positions IDA well to significantly enhance support for climate action in IDA21.

16. **IDA21 will underscore the importance of investing in a livable planet, aligned with the new WBG mission, and IDA's commitment to helping countries prepare for, and respond to, the threat of climate change.** Under the focus area of Planet, IDA21 will prioritize delivery of the following outcomes:

- a. **Green and blue planet and resilient populations:** An ambitious IDA21 will enhance country-level efforts to address climate change, strengthen resilience, and protect biodiversity and support ecosystem services. This includes support for national adaptation plans and policies that reflect countries' climate ambitions to reduce greenhouse gases (GHG) emissions and boost adaptation and resilience to natural disasters. It also involves the development of short-term (i.e., methane reduction) and long-term low emissions strategies and circular economies. Incorporating nature considerations into economic policy, development programs, and strategic sectoral investments will be a priority. IDA21 will also assist countries in scaling climate finance and boosting the role of the private sector in this area. In the first year of IDA20 implementation, as of June 2023, IDA had produced 13 Country Climate and Development Reports (CCDRs) with at least 17 more to come. Building on IDA20's investment in crisis preparedness diagnostics to inform country strategies, IDA21 will utilize the WBG's enhanced crisis toolkit to strengthen resilience, including Climate Resilient Debt Clauses to mitigate vulnerability in Small States, and measures to facilitate contingent and rapid responses during crises.¹⁴
- b. **Inclusive and equitable water and sanitation services:** Lack of access to drinking water, safely managed sanitation services, and basic handwashing facilities make water one of the greatest risks to economic progress, poverty eradication, and sustainable development. To address the challenges of increasing water scarcity and variability, IDA21 will prioritize efforts to sustain water resources, deliver services, and build resilience through climate smart solutions.
- c. **Sustainable food systems:** IDA21 will take a multipronged approach to address the continued food crisis. This approach involves supporting production and producers, increasing trade in food and agriculture inputs, supporting vulnerable households, and investing in low emissions and climate resilient food and nutrition systems. The aim is to not only help countries address food-related emergencies, but also to foster sustainable solutions to prevent future crises. This includes supporting IDA countries in implementing GCPs aligned with their national priorities.

¹⁴ A point also raised in the Nairobi Declaration. <https://www.un.org/africarenewal/magazine/september-2023/africa-climate-summit-nairobi-declaration-makes-strong-push-accelerated>; and <https://www.un.org/africarenewal/magazine/september-2023/africa-climate-summit-nairobi-declaration-makes-strong-push-accelerated>

iii. Focus Area 3: Prosperity

17. **The polycrisis stretched the ability of IDA countries to balance urgent needs and long-term development goals in unprecedented ways.** Institutional capacity and fiscal constraints remain pressing challenges that hamper progress on development outcomes. Strong institutions are essential for delivering public goods and services, as well as designing and enforcing laws and regulations. Domestic Resource Mobilization (DRM) remains low and needs a major boost. Between 2013 and 2023, consistently three-fifths of IDA countries collected tax revenues below 15 percent of GDP. While progress has been observed in some countries, significant backsliding occurred elsewhere, reflecting a mixed trend overall. Similarly, elevated public debt vulnerabilities persist in IDA countries, compounded by rising interest rates and sluggish economic growth. Furthermore, challenges of deepening and regulating financial markets, facilitating private sector participation, and building the financial infrastructure to combat against illicit financial outflows continue to be relevant in IDA countries.

18. **Given important synergies, IDA21 will bring together efforts on macroeconomic and fiscal management, institutional strengthening, good governance, DRM, and debt sustainability.** Under the Prosperity focus area, IDA21 will support the following outcome:

- a. **Effective macroeconomic and fiscal management:** IDA will strengthen support for sound macro policies by enhancing fiscal sustainability and quality public spending. In IDA21, support for DRM will not be simply on increasing taxation (through progressive rates and more effective collection), but also on enhancing effectiveness by reducing wasteful spending (e.g., subsidies to state-owned enterprises) and achieving a balance between efficiency and equity objectives within the broader framework of promoting inclusive and sustainable growth. IDA21 will continue its focus on supporting debt sustainability by building on efforts under the Sustainable Development Finance Policy (SDFP), alongside other institutional mechanisms and multilateral efforts such as the Common Framework. These endeavors aim to bolster support for addressing debt vulnerabilities, strengthening debt transparency and debt management, and incentivizing countries to move toward sustainable financing.

19. **These efforts will be reinforced by supporting data capacity to facilitate evidence-based policies, refine targeting strategies, and improve the measurement of development outcomes.** Given its multifaceted nature, support for the systematic generation, use, and sharing of country data will leverage the diverse expertise within IDA to assist countries in policy design and prioritizing support where it is most needed. This effort aims to enhance countries' institutional capacity, facilitate access to inclusive and safe data platforms, and address the underlying causes of poverty and inequality.

iv. Focus Area 4: Digitalization

20. **The significant gap in digital access to the internet, technologies, and data in IDA countries hampers economic growth, perpetuates inequality, and is increasingly synonymous with a development divide.** Statistics on the digital divide are staggering: 2.6 billion people globally remained offline in 2023, with the majority residing in IDA countries and among marginalized and vulnerable groups.¹⁵ About 850 million people lack any form of identification, and 3.3 billion live in

¹⁵ https://www.itu.int/hub/publication/d-ind-ict_mdd-2023-1/

countries without official forms of digital identification to access online services.¹⁶ As a result, these populations are excluded from the advantages of improved livelihoods and productivity, jobs and market opportunities, and access to services, information, and tools that strengthen inclusion and resilience. It is estimated that enhanced digitalization can help achieve 70 percent of SDGs, and research demonstrates that countries with higher levels of digitalization have made 40 percent more progress toward achievement of the SDGs than peers in the same income group.¹⁷

21. **Accelerating digitalization at scale is foundational to addressing broader development challenges, including enabling progress on public goods such as climate action, pandemic resilience, reduced fragility, and enhanced regional integration.** Under the focus area of Digitalization, IDA21 will deliver the following outcomes, including through the newly announced *Accelerating Digitalization GCP*, in partnership with various stakeholders, especially the private sector:

- a. **Digital connectivity:** IDA21 will scale up efforts to expand internet access, building on achievements realized through previous IDA-supported government initiatives such as the *Digital Economy for Africa (DE4A)*, *Identification for Development (ID4D)* and *Digitalizing G2P Payments (G2Px)*.
- b. **Digital services:** As innovation radically changes all aspects of life, IDA21 will seek to unlock opportunities to digitalize high-impact services, including people-centered shared solutions for multi-channel delivery, acting as a pathway to digital transformation across private and public sectors. IDA21 will also invest in inclusive and safe data platforms, especially in digital public infrastructure, and an enabling environment for trusted and safe digitalization, a prerequisite to facilitate cost-effective scaling of digital solutions.

v. Focus Area 5: Infrastructure

22. **Disruptions due to unreliable infrastructure services impose substantial costs on communities, households, and enterprises, particularly in the poorest and most fragile IDA countries.** IDA countries score lowest on access to energy at home, schools, hospitals, and industry, with high costs of supply, which, in some cases, is more than double the cost in Organisation for Economic Co-operation and Development (OECD) countries. At the same time, energy consumption accounts for more than three-quarters of greenhouse gas (GHG) emissions. Similarly, domestic, and international transport contribute around 20 percent of global GHG emissions. New green technologies, such as electric vehicles and buses, offer unprecedented opportunities to provide efficient, safe, and affordable mobility, with the added benefit of a minimal climate footprint. Transport infrastructure is particularly vulnerable to adverse climate events, making the promotion of climate-resilient transportation and logistics critical for global and regional supply chains and food security. Given the dramatic rate of urbanization in IDA countries, this support will include a focus on cities.

¹⁶ <https://id4d.worldbank.org/global-dataset>.

¹⁷ ITU, UNDP. 2023. SDG Digital Acceleration Agenda; https://www.undp.org/sites/g/files/zskgke326/files/2023-09/SDG%20Digital%20Acceleration%20Agenda_2.pdf

23. **IDA21 will support sustainable energy and transport infrastructure and services to facilitate connectivity among communities, thereby enhancing opportunities and improving lives.** Under the focus area of Infrastructure, IDA21 will deliver the following outcomes:

- a. **Connected communities:** To harness the full potential of sustainable mobility, IDA21 will invest in climate-smart transport solutions that protect people, communities, and the planet. In urban areas, scaled-up investments in urban mobility will help create cities that achieve agglomeration economies and put more jobs within reach of all citizens, particularly the urban poor. Support for regional transport networks will promote regional trade integration and generate broader economic benefits at scale.
- b. **Affordable, reliable, and sustainable energy for all:** By supporting sustainable infrastructure investments, reforms, and capacity building, IDA21 will help expand access to modern energy services, building on the Accelerating Sustainable and Clean Energy Access Transformation (ASCENT) program approach to enable renewable energy generation capacity. This will include support for the development of regional energy infrastructure.

C. Lenses

24. **IDA's support in the five focus areas will benefit from continued efforts on gender equality and youth inclusion, more and better jobs, addressing FCV, and fostering private investments.** These issues, which have been central to IDA's engagement, will continue to feature prominently in IDA21, and will serve as lenses through which to view and inform all of IDA21's work. Engagement in all five focus areas will aim to create opportunities and overcome barriers to gender equality and youth inclusion. It will also seek to foster more and better jobs and livelihoods to promote economic empowerment and facilitate private sector investment, thereby enhancing financing for eradicating poverty on a livable planet. Through the FCV lens, IDA21 will focus on helping countries address the root causes of fragility and build resilience, reaching people in the most vulnerable and fragile communities. Progress on these priority lenses will be measured through specific indicators and disaggregated views in the WBG Scorecard.

i. Gender Equality and Youth Inclusion

25. **IDA21 will continue to invest in gender equality and youth inclusion.** The interrelated crises outlined above disproportionately impact women, girls, youth, sexual and gender minorities, and disadvantaged groups, threatening hard-earned gains in human capital. Gender-based violence is the most egregious manifestation of gender inequality and an alarming challenge to public health, human rights, and development. Removing gender barriers unlocks economic productivity, reduces poverty, deepens social cohesion, and enhances well-being for current and future generations. IDA21 will seek to consolidate gains and push the envelope in line with the new Gender Strategy 2024-2030. IDA21 will also seek to leverage the 'youth dividend' in IDA countries, with a focus on youth inclusion, economic empowerment, and improved human development outcomes.

ii. More and Better Jobs

26. **Working as One WBG, IDA21 will continue to focus on creating new private sector jobs and recovering job losses** by (i) expanding private investments; (ii) stimulating growth of sectors with greater potential for jobs and value addition; (iii) increasing connectivity and integration, increasing

female labor force participation; (iv) and facilitating the adoption of technology, innovation and entrepreneurship. Amidst significant losses in working hours brought on by the pandemic, it is projected that nearly four million young people will reach working age every month over the next decade, thus increasing the demand for better jobs. Moreover, female labor force participation has been stagnant in many IDA countries.¹⁸ To harness the productive capacity of youth in IDA countries, IDA21 will assist countries in tackling barriers to private investments, including for small and medium enterprises. It will also promote labor market participation, particularly for women and youth, increase internal and international mobility, facilitate transitions to green sectors, promote upskilling and reskilling of the adult workforce, improve the quality of labor market institutions and expand digital connectivity to narrow the gap between supply and demand of labor. These initiatives will be guided by findings from the *2024 Jobs Flagship report*.

iii. Better Lives for People in Fragility, Conflict, and Violence

27. **IDA21 will strengthen resilience amidst escalating challenges and crises through continued support to people affected by FCV in IDA countries.** The WBG FCV Strategy 2020-2025 remains fit for purpose and has proven to be effective. In alignment with the outcomes of the evolution process and the FCV Strategy mid-term review, the WBG/IDA approach will focus on addressing FCV drivers and building sources of resilience. This requires an emphasis on prevention and increased flexibility to engage in complex settings as reflected by ADAPT, an approach proposed by the FCV Strategy. ADAPT will consist of: *Anticipating* FCV challenges earlier and better; responding *Dynamically* at all levels, including country and regional; *Advancing* the WBG's approach to engaging the private sector; focusing on critical *Partnerships*; and building strong *Teams*. ADAPT will focus, *inter alia*, on context specific partnerships; investing in knowledge diagnostics to inform work with clients and partners; coordinating crisis response, recovery, and peacebuilding efforts; and reinforcing partnerships in justice, security, and the prevention of violence. IDA21 will continue to support eligible countries in addressing the underlying drivers of FCV (including through the FCV envelope), building resilience, pursuing reforms to accelerate transition out of FCV and managing relevant spillover effects. In addition, in cases where in-country circumstances have seriously complicated operations, IDA will learn from the experience to stay engaged, such as in the case of Afghanistan, with intensified coordination among key actors outside the government (e.g., UNICEF and UNHCR). Moreover, in forced displacement situations, IDA21 will continue incentivizing eligible countries to support socio-economic opportunities for both refugees and their host communities focusing on social cohesion, and gender equality.

iv. More Private Investments

28. **Working as One WBG, IDA21 will leverage the institutions' collective strengths, knowledge, and resources to mobilize private sector investments, support local market creation and improve business environments to drive job-rich economic growth and address development challenges. A key for increased private sector development will be the engagement of IDA and IFC/MIGA.** IDA21 will support private capital enabling (PCE) particularly and private capital mobilization (PCM) to help address demand side constraints — lack of government capacity to prepare and structure complex projects and limited and/or non-existent pipeline of bankable projects in IDA

¹⁸ World Bank. *IDA20 Mid-Term Review: Implementation Update and Issues for Discussion (Omnibus Paper)* (English). Washington, D.C.: World Bank Group.
<http://documents.worldbank.org/curated/en/099012624183055952/BOSIB1dd6aceb20e61ba8d19253d964eb38>

countries, and supply-side constraints, including perceived and real risks and inefficiencies in intermediation by the public sector. Moreover, IDA will also provide support to strengthen the enabling environment for PCE, fostering conditions conducive to private sector growth and investment. IDA countries will benefit from One WBG efforts to facilitate higher private capital mobilization through guarantees, local currency finance solutions, and foreign exchange risk management, among others, to improve enabling environments. The IDA-IFC-MIGA Private Sector Window will continue to play a crucial role in IDA21, in sustaining the provision of blended finance necessary to de-risk investments in IDA countries, including in FCS.

III. MEASURING AND MANAGING FOR OUTCOMES IN IDA21

29. **In line with changes introduced through the WBG Evolution process, IDA21 will increase accountability for results by upgrading the way it manages for and communicates results, fully aligning with the new WBG Scorecard.**¹⁹ This will replace the IDA Results Measurement System (RMS), which has been the bedrock for measuring IDA’s results on a wide array of indicators and has evolved over time. The new WBG Scorecard builds on these endeavors, introducing greater selectivity, consistency, and an enhanced focus on outcome-oriented results. The Scorecard sets new measurement standards for the institution. First, it adopts a more selective approach, focusing on a limited number of priority development outcomes across all themes of interest to IDA while shifting away from the focus on inputs and outputs. Second, it develops robust methodologies that incorporate the latest measurement innovations within each thematic area, while ensuring alignment of Scorecard indicators with all SDGs. Finally, it establishes transparent measurement protocols across the WBG, the first ever attempt to truly harmonize the measurement of joint results. These technical enhancements provide greater focus and accountability, enabling the Scorecard to serve as a strategic management tool to improve IDA’s ability to drive prioritization, ambition, and managing for results.

30. **The new Scorecard will report both the stock of actual and expected results, helping IDA21 results-reporting better align with financing provided during the cycle.** The IDA RMS reports actual results achieved, however, due to time lags between financing and the delivery of results, this data is largely derived from projects approved in earlier IDA cycles. In addition to reporting actual results achieved,²⁰ the new WBG Scorecard will also report expected results — the cumulative targets of all operations in the active portfolio. While actual results frequently emerge years into project implementation, expected results are calculated at project approval. Reporting on both expected and actual results allows IDA stakeholders to observe how new IDA resources translate into ambition in priority areas during the cycle. Monitoring both expected and achieved results will create strong accountability all the way to country teams and incentivize the design of more outcome-oriented, evidence-based, replicable, and scalable interventions.

31. **As a management tool for the WBG, the Scorecard will enable Management to assess progress and make mid-course corrections, based on an aggregated view of results across the WBG, as well as a disaggregated view by each institution, including IDA.** This approach is grounded in the vision that the WBG President Ajay Banga shared at the 2023 Annual Meetings in Marrakesh, “... *this Scorecard will be our yardstick of accountability and a guidepost that our teams can rally around and work toward*”. The Scorecard will allow IDA partners to retain a dedicated view of results for IDA financing only (i.e., a dedicated IDA Scorecard), the principal advantage of the IDA

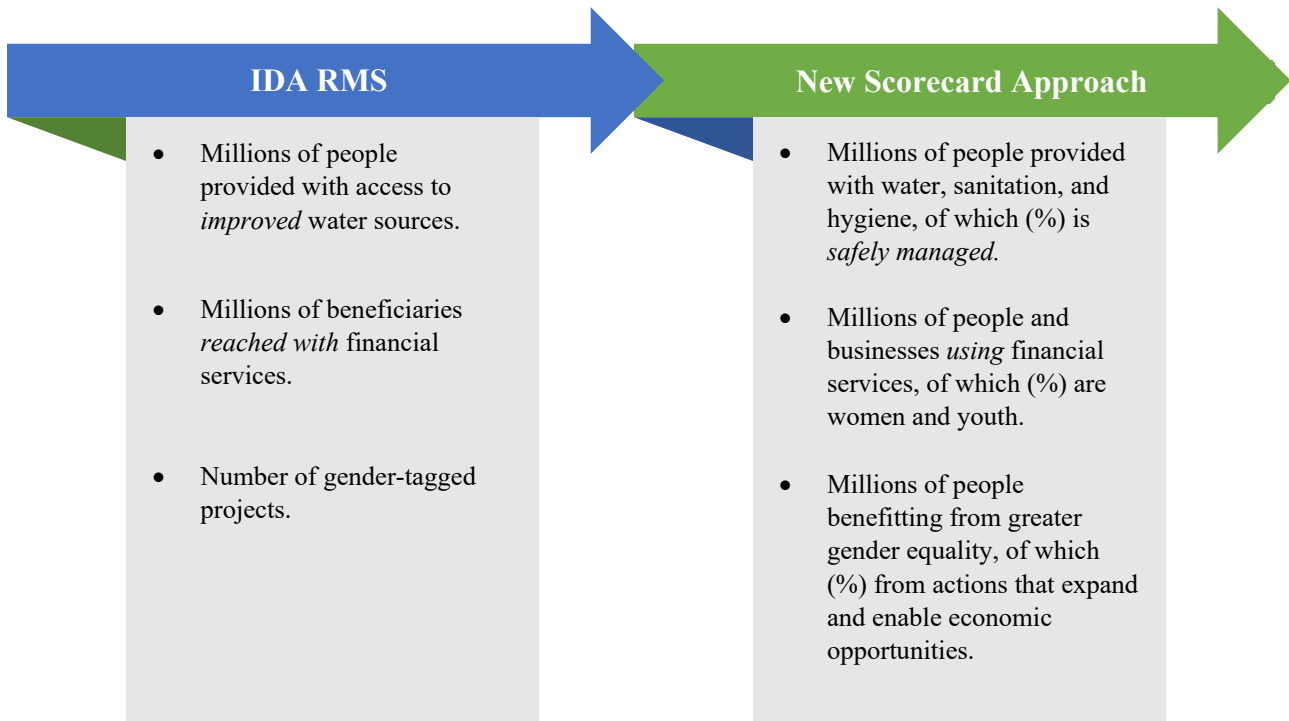
¹⁹ New World Bank Group Scorecard FY24-FY30: Driving Action, Measuring Results

²⁰ Actual results achieved are based on project-level data or model-based estimations.

RMS, while also benefiting from the opportunity to drive a unified focus on IDA’s strategic priorities across the institution at large. Thus, the WBG Scorecard is designed to help translate the new WBG vision into action and provide opportunities for feedback and learning.

32. **The new WBG Scorecard will enable IDA to measure outcomes, rather than outputs, with a focus on results that improve people’s wellbeing.** Many indicators have been enhanced to capture results further down the results chain, at the early or intermediate outcome level. For example, while many current indicators measure whether individuals have *access* to key services, the new indicators aim to capture the *use* of such services. Similarly, indicators have been modified to emphasize the quality of services provided, for example moving from a focus on improved water sources to *safely managed* water, sanitation, and hygiene services, as shown in Figure 2. These changes will help ensure that results reported reflect tangible outcomes that make a difference in improving quality of life for people in IDA countries.

Figure 2. Comparison of select indicators in IDA20 RMS and New WBG Scorecard



33. **The new WBG Scorecard is aimed at tracking disaggregated indicators that speak to specific contexts, which will enable Management to drive IDA programs towards outcomes at the regional and country levels.** Disaggregation relies on effective national monitoring and evaluation systems, which is rarely a priority in difficult country contexts. The new Scorecard will work with clients and projects to build disaggregation capabilities to facilitate the generation of higher quality and more detailed data to inform decision making. In addition to the gender and FCS status disaggregation provided by the IDA20 RMS, the new Scorecard will include disaggregation by youth and disability, offering greater visibility on IDA’s support for inclusion. This more granular approach will give IDA Partners a deeper understanding of who benefits from IDA’s engagement, where these benefits are realized, and how they are achieved. The new Scorecard will also provide a more comprehensive view of the distribution of results in complex environments through disaggregation by geographical and income groups, for Small States, Small Island Developing States, and Least Developed Countries.

Finally, to highlight and incentivize collaboration, all indicators will be disaggregated to identify results attained through One WBG approaches.

34. **The WBG Scorecard provides a new dimension to IDA results by systematically tracking institutional strengthening and policy reform, a key part of IDA's value added.** 'Results Narratives' a new building block of the Scorecard, trace how WBG support for knowledge, convening, and technical assistance contribute to institutional capacities and policy reforms for better development outcomes, an aspect of IDA's result not captured elsewhere. Repeated Independent Evaluation Group evaluations pointed to this 'blind spot' in the WBG results system. Yet this is a fundamental aspect of IDA's approach in contexts of scarce capacity. These narratives will adopt a systemic approach and undergo regular updates to reflect on strategies for integrating lending and non-lending to maximize impact.

35. **Upgrading the WBG's results architecture with such ambition requires a select set of critical indicators that reinforce efforts to maximize quality and focus.** Implementation of the Scorecard will be underpinned by a comprehensive initiative to enhance the quality and completeness of results information, strengthen incentives for results measurement, and build institutional capabilities for data quality. The Scorecard offers opportunities to build partnerships to improve results measurement, data quality and management, and reporting capabilities, ensuring the comprehensive capture and effective utilization of results data at both project and country levels. Without stringent prioritization, these efforts can impose strains on clients and staff, potentially overloading already stretched country systems and operational practices. The Scorecard addresses this risk by concentrating actions on a manageable set of indicators that are robustly measured across countries and projects. In line with other institutional simplification efforts, subsuming the IDA RMS into the Scorecard is a significant step to fix the plumbing for a rejuvenated results agenda for the WBG.

IV. CONCLUSION

36. The IDA21 policy framework provides an opportunity for IDA to act with urgency and ambition in helping IDA countries eradicate poverty, while also addressing global challenges that impede their development. The proposed strategic directions are informed by IDA's ongoing engagement and country priorities and align with the outcomes of the WBG Evolution, leveraging the new institutional direction and mechanisms, including the GCPs, WBG Scorecard, and Knowledge Bank, to position IDA to do more, better and faster for client countries. The proposed policy framework is centered on the five focus areas of People, Planet, Prosperity, Digitization, and Infrastructure, looking through the four priority lenses of gender, jobs, FCV and private investment.

V. ISSUES FOR DISCUSSION

37. Does "*Ending poverty on a livable planet: acting with urgency and ambition*" as an overarching theme for IDA21 capture the ambition and focus of the IDA21 framework adequately?

38. Are the proposed IDA21 focus areas and lenses clear, comprehensive, and adequate?

39. Do you have any advice regarding the adoption of the WBG Scorecard as the outcome measurement framework for IDA21?

VI. NEXT STEPS

40. Once agreement is reached on the overall policy framework, management will expand on priorities under each of the agreed focus areas for discussion at the June IDA meeting, continue with the development of indicators for the new Scorecard, and consult on any remaining issues on the Scorecard.